

## SAFEGUARDS INFORMATION



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
REGION IV  
611 RYAN PLAZA DRIVE, SUITE 400  
ARLINGTON, TEXAS 76011-4005

September 20, 2006

Mr. James M. Levine  
Executive Vice President, Generation  
Arizona Public Service Company  
Mail Station 7602  
5801 S. Wintersburg Road  
Tonopah, AZ 85354-7529

SUBJECT: PALO VERDE NUCLEAR GENERATING STATION, UNITS 1, 2, AND 3 - NRC  
INSPECTION REPORT 05000528/2006401, 05000529/2006401, AND  
05000530/2006401

Dear Mr. Levine:

On August 18, 2006, the U.S. Nuclear Regulatory Commission (NRC) completed an inspection at your Palo Verde Nuclear Generating Station, Units 1, 2, and 3 Report of Closeout Inspection of Nuclear Reactor Safeguards Interim Compensatory Measure. The enclosed inspection report documents the inspection results, which were discussed on August 22, 2006, with Mr. Eubanks and other members of your staff.

The inspection examined activities conducted under your license as they relate to security and compliance with the Commission's rules and regulations and with the conditions of your license. The inspector reviewed selected procedures and records, observed activities, and interviewed personnel.

No findings of significance were identified.

In accordance with 10 CFR 2.390 and the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system, ADAMS. ADAMS is accessible from the NRC Website at <http://www.nrc.gov/reading-rm/adams.html> (The Public Electronic Reading Room). However, because of the security-related concerns contained in the enclosure, and in accordance with 10 CFR 2.390, a copy of this letter's enclosure will not be available for public inspection.

Enclosure Contains Safeguards Information. When Separated from enclosure, this cover document is DECONTROLLED
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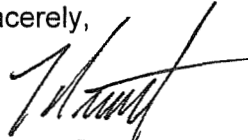
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J. M. Levine

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In accordance with 10 CFR 2.390(b)(1)(ii), the NRC is waiving the affidavit requirements for your response, if any. This practice will ensure that your response will not be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system, ADAMS. If Safeguards Information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21.

Sincerely,



Troy W. Pruett, Chief  
Reactor Projects Branch D  
Division of Reactor Projects

Docket No. 50-528, 50-529, 50-530  
License No. NPF-41, NPF-51, NPF-74

Enclosure:

NRC Inspection Report 05000528/2006401, 05000529/2006401, and 05000530/2006401  
(SAFEGUARDS INFORMATION)

cc without Safeguards Information enclosure:

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